Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 HONG K 12941 271107Z

13
ACTION EA-14

INFO OCT-01 AF-10 EUR-25 NEA-10 ISO-00 EB-11 SCI-06 SCEM-02

INT-08 TRSE-00 COME-00 NIC-01 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 DRC-01 /166 W
---------- 099668
R 270950Z DEC 73
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 9095
INFO AMEMBASSY BONN
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY ALGIERS
USLO PEKING

C O N F I D E N T I A L HONG KONG 12941

E.O. 11652: GDS
TAGS: PFOR, CH, XF
SUBJ: PEKING TAKES NOTE OF ARAB OIL DECISIONS

SUMMARY: NCNA REPORTED WITH OBVIOUS APPROVAL THE PARTIAL RELAXATION OF ARAB OIL RESTRICTIONS. IT HAS NOT YET, HOWEVER, REPORTED SUNDAY'S DECISION BY PERSIAN GULF PRODUCERS TO SHARPLY INCREASE THE PRICE OF OIL, A DECISION WHICH MAY BE COSTLY FOR THE PRC. END SUMMARY.

1. NCNA (DEC 25) REPORTED THE OAPEC DECISIONS TO EASE THE CUTBACK IN OIL SUPPLIES, PROVIDE SPECIAL TREATMENT TO JAPAN, AND RETAIN THE EMBARGO ON THE UNITED STATES AND THE NETHERLANDS. THE ARTICLE QUOTES THE OAPEC STATEMENT THAT THE CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HONG K 12941 271107Z

ARAB STATES DO NOT INTEND TO CAUSE "ECONOMIC DISASTER TO ANY

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NATION OR GROUP OF NATIONS."

2. THE REPORT CLEARLY EVIDENCES PEKING'S PLEASURE WITH THIS DEVELOPMENT. CHINA DOES NOT SAVOR THE POSSIBILITY EITHER OF A WEAKENED WEST OR A DESPERATE JAPAN BOTH OF WHICH MIGHT RESULT FROM A PROLONGED ARAB BOYCOTT.

3. SIMILARLY, PEKING'S VIEW OF THE DEC. 23 PRICE INCREASE BY PERSIAN GULF OIL SUPPLIERS IS PROBABLY NEGATIVE. NCNA HAS NOT YET REPORTED THE PRICE DECISION. PEKING PRESUMABLY IS AWARE OF THE ADVERSE EFFECT THE PRICE INCREASE WILL HAVE ON MANY DEVELOPING COUNTRIES, ITSELF INCLUDED, AS WELL AS ITS IMPACT ON JAPAN AND WESTERN EUROPE. AT THE SAME TIME, HOWEVER, NEWS AGENCY REPORTS FROM TOKYO SAY THE CHINESE HAVE ALREADY INFORMED THE JAPANESE THAT THE PRICE OF PRC OIL BEGINNING IN JANUARY WILL BE 2.7 TIMES THE CURRENT LEVEL TO BRING IT IN LINE WITH THE GULF OIL PRICE.

4. THE NET EFFECT OF THE PRICE RISE ON CHINA ITSELF WILL DEPEND ON THE RELATIVE CHANGES IN THE EARNINGS OF PEKING'S OWN SMALL OIL EXPORTS COMPARED WITH THE INCREASED COSTS OF ITS SUBSTANTIAL IMPORTS OF PRODUCTS DERIVED FROM PETROLEUM. IN THE SHORT-RUN, THE EFFECT SEEMS CLEARLY UNFAVORABLE TO THE PRC. THE LONG-RUN EFFECTS WILL DEPEND IMPORTANTLY ON THE SPEED WITH WHICH THE PRC DEVELOPS ITS OIL RESOURCES AND ITS PETROCHEMICAL INDUSTRY.
OSBORN

CONFIDENTIAL

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, EXPORT CONTROLS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973HONGK12941
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973126/aaaaadtw.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Jul-2001 by shawdg>; APPROVED <16-Oct-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PEKING TAKES NOTE OF ARAB OIL DECISIONS SUMMARY: NCNA REPORTED WITH OBVIOUS APPROVAL THE PARTIAL
TAGS: PFOR, CH, XF, OAPEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005